

State of South Carolina



Office of the State Auditor

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THOMAS L. WAGNER, JR., CPA  
STATE AUDITOR

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September 28, 2001

Mr. Willard Wilbanks, Director of Reimbursement  
Greenville Hospital System  
701 Grove Road  
Greenville, South Carolina 29605

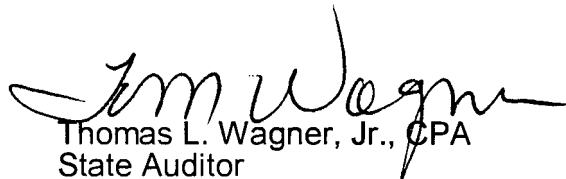
Re: AC# 3-ROG-J6 – Greenville Hospital System d/b/a Roger Huntington Nursing Center

Dear Mr. Wilbanks:

The accompanying report has been prepared by our office based on your Medicaid Financial and Statistical Report submitted to the Department of Health and Human Services for the cost report period October 1, 1995 through September 30, 1996. That report was used to set the rate covering the contract periods beginning October 1, 1997.

We are recommending that the Department of Health and Human Services certify an accounts receivable to recover amounts due as a result of the rate change shown on Exhibit A. You will be notified of repayment terms by that agency.

If you take exception to this report in any manner, you have the right to appeal in accordance with the Code of Laws of South Carolina, 1976 as amended, Title 44, and Department of Health and Human Services Regulation R.126-150, and you must respond in writing within thirty (30) calendar days of the date of this letter. This written response must address the specific items in the report being appealed, and must be directed to the Appeals and Hearings, Department of Health and Human Services, Post Office Box 8206, Columbia, South Carolina 29202-8206. Any correspondence should include the control number appearing on Exhibit A of this report.

  
Thomas L. Wagner, Jr., CPA  
State Auditor

TLWjr/cwc

cc: Ms. Brenda L. Hyleman  
Mr. Jeff Saxon  
Mr. Joseph Hayes

**GREENVILLE HOSPITAL SYSTEM  
D/B/A ROGER HUNTINGTON NURSING CENTER**

**GREER, SOUTH CAROLINA**

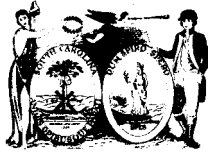
**CONTRACT PERIODS  
BEGINNING OCTOBER 1, 1997  
AC# 3-ROG-J6**

**REPORT ON CONTRACT  
FOR  
PURCHASE OF NURSING CARE SERVICES  
WITH  
STATE OF SOUTH CAROLINA  
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

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### INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

September 11, 2001

Department of Health and Human Services  
State of South Carolina  
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Department of Health and Human Services, solely to compute the rate change and related adjusted reimbursement rate to be used by the Department in determining the reimbursement settlement with Greenville Hospital System d/b/a Roger Huntington Nursing Center, for the contract periods beginning October 1, 1997, and for the twelve month cost report period ended September 30, 1996, as set forth in the accompanying schedules. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Department of Health and Human Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

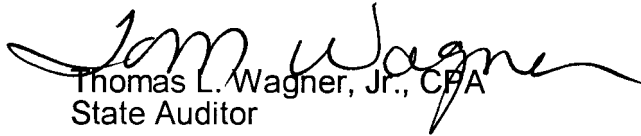
The procedures and the associated findings are as follows:

1. We tested selected costs or areas based on our analytical procedures applied to the reimbursable Medicaid program costs as shown on the Financial and Statistical Report for Nursing Homes, as filed by Greenville Hospital System d/b/a Roger Huntington Nursing Center, to determine if these costs were allowable as defined by the State Plan for Medicaid reimbursement purposes and supported by accounting and statistical records maintained by the provider. Our findings as a result of these procedures are presented in the Adjustment Report, Summary of Costs and Total Patient Days, and Cost of Capital Reimbursement Analysis sections of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contract between the Department of Health and Human Services and Greenville Hospital System d/b/a Roger Huntington Nursing Center dated as of October 1, 1994 as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computations of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services  
State of South Carolina  
September 11, 2001

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the South Carolina Department of Health and Human Services and is not intended to be and should not be used by anyone other than the specified party.

  
Thomas L. Wagner, Jr., CPA  
State Auditor

**GREENVILLE HOSPITAL SYSTEM D/B/A ROGER HUNTINGTON NURSING CENTER**

Computation of Rate Change  
For the Contract Periods  
Beginning October 1, 1997  
AC# 3-ROG-J6

	<u>10/01/97- 03/31/98</u>	<u>04/01/98- 09/30/98</u>
Interim reimbursement rate (1)	\$92.72	\$95.99
Adjusted reimbursement rate	<u>91.27</u>	<u>94.54</u>
Decrease in reimbursement rate	\$ <u><u>1.45</u></u>	\$ <u><u>1.45</u></u>

- (1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated December 19, 2000

**GREENVILLE HOSPITAL SYSTEM D/B/A ROGER HUNTINGTON NURSING CENTER**

Computation of Adjusted Reimbursement Rate  
For the Contract Period October 1, 1997 Through March 31, 1998  
AC# 3-ROG-J6

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$44.17	\$44.95	
Dietary		12.66	9.74	
Laundry/Housekeeping/Maint.		<u>10.25</u>	<u>7.72</u>	
Subtotal	\$ <u>-</u>	67.08	62.41	\$62.41
Administration & Med. Rec.	\$ <u>-</u>	<u>16.40</u>	<u>9.45</u>	<u>9.45</u>
Subtotal		83.48	<u>\$71.86</u>	71.86
<u>Costs Not Subject to Standards:</u>				
Utilities		3.50		3.50
Special Services		1.52		1.52
Medical Supplies & Oxygen		1.76		1.76
Taxes and Insurance		.33		.33
Legal Fees		<u>.55</u>		<u>.55</u>
<b>TOTAL</b>		<u>\$91.14</u>		79.52
Inflation Factor (4.40%)				3.50
Cost of Capital				10.96
Cost of Capital Limitation				(3.21)
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive				-
Effect of \$1.75 Cap on Cost/Profit Incentives				-
Minimum Wage Add-On				<u>.50</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$91.27</u>

# GREENVILLE HOSPITAL SYSTEM D/B/A ROGER HUNTINGTON NURSING CENTER

Computation of Adjusted Reimbursement Rate  
For the Contract Period April 1, 1998 Through September 30, 1998  
AC# 3-ROG-J6

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$44.17	\$48.08	
Dietary		12.66	9.74	
Laundry/Housekeeping/Maint.		<u>10.25</u>	<u>7.72</u>	
Subtotal	\$ <u>-</u>	67.08	65.54	\$65.54
Administration & Med. Rec.	\$ <u>-</u>	<u>16.40</u>	<u>9.45</u>	<u>9.45</u>
Subtotal		83.48	<u>\$74.99</u>	74.99
<u>Costs Not Subject to Standards:</u>				
Utilities		3.50		3.50
Special Services		1.52		1.52
Medical Supplies & Oxygen		1.76		1.76
Taxes and Insurance		.33		.33
Legal Fees		<u>.55</u>		<u>.55</u>
<b>TOTAL</b>		<u>\$91.14</u>		82.65
Inflation Factor (4.40%)				3.64
Cost of Capital				10.96
Cost of Capital Limitation				(3.21)
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive				-
Effect of \$1.75 Cap on Cost/Profit Incentives				-
Minimum Wage Add-On				<u>.50</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$94.54</u>



# GREENVILLE HOSPITAL SYSTEM D/B/A ROGER HUNTINGTON NURSING CENTER

Summary of Costs and Total Patient Days  
For the Cost Report Period Ended September 30, 1996  
AC# 3-ROG-J6

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$1,437,819	\$ -	\$ 26,598 (1)	\$1,411,221
Dietary	344,465	60,072 (1)	-	404,537
Laundry	30,697	45,974 (1)	-	76,671
Housekeeping	158,389	-	27,671 (1)	130,718
Maintenance	125,146	-	5,063 (1)	120,083
Administration & Medical Records	597,681	-	73,625 (1)	524,056
Utilities	101,315	10,601 (1)	-	111,916
Special Services	57,383	29,276 (1)	38,008 (2)	48,651
Medical Supplies & Oxygen	116,676	-	59,155 (1) 1,262 (2)	56,259
Taxes & Insurance	13,764	-	3,209 (1)	10,555
Legal Fees	-	17,475 (1)	-	17,475
Cost of Capital	<u>340,465</u>	<u>180,676</u> (3)	<u>170,953</u> (1)	<u>350,188</u>
Subtotal	3,323,800	344,074	405,544	3,262,330

**GREENVILLE HOSPITAL SYSTEM D/B/A ROGER HUNTINGTON NURSING CENTER**

Summary of Costs and Total Patient Days  
For the Cost Report Period Ended September 30, 1996  
AC# 3-ROG-J6

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&amp;HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Ancillary	63,337	-	63,328 (1)	9
Non-Allowable	(215,683)	219,467 (1)	180,676 (3)	(137,622)
	<u>                    </u>	<u>39,270 (2)</u>	<u>                    </u>	<u>                    </u>
Total Operating Expenses	<u>\$3,171,454</u>	<u>\$602,811</u>	<u>\$649,548</u>	<u>\$3,124,717</u>
Total Patient Days	<u>31,947</u>	<u>-</u>	<u>-</u>	<u>31,947</u>
TOTAL BEDS	<u>88</u>			

# GREENVILLE HOSPITAL SYSTEM D/B/A ROGER HUNTINGTON NURSING CENTER

Adjustment Report  
Cost Report Period Ended September 30, 1996  
AC# 3-ROG-J6

ADJUSTMENT NUMBER	ACCOUNT TITLE	DEBIT	CREDIT
1	Dietary	\$ 60,072	
	Laundry	45,974	
	Utilities	10,601	
	Legal	17,475	
	Special Services	29,276	
	Nonallowable	219,467	
	Other Equity	46,737	
	General Services		\$ 26,598
	Housekeeping		27,671
	Maintenance		5,063
	Administration		73,625
	Medical Supplies		59,155
	Taxes and Insurance		3,209
	Cost of Capital		170,953
	Ancillary		63,328
	To adjust cost centers to amounts per the as filed Medicare cost report HIM-15-1, Section 2300		
2	Nonallowable	39,270	
	Special Services		38,008
	Medical Supplies		1,262
	To remove special (ancillary) services reimbursed by Medicare State Plan, Attachment 4.19D		
3	Cost of Capital	180,676	
	Nonallowable		180,676
	To adjust capital return State Plan, Attachment 4.19D		
		<hr/>	<hr/>
	TOTAL ADJUSTMENTS	\$649,548	\$649,548

Due to the nature of compliance reporting, adjustment descriptions and references contained in the preceding Adjustment Report are provided for general guidance only and are not intended to be all-inclusive.

**GREENVILLE HOSPITAL SYSTEM D/B/A ROGER HUNTINGTON NURSING CENTER**

Cost of Capital Reimbursement Analysis  
For the Cost Report Period Ended September 30, 1996  
AC# 3-ROG-J6

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>2.1144</u>
Deemed Asset Value (Per Bed)	33,022
Number of Beds	<u>88</u>
Deemed Asset Value	2,905,936
Improvements Since 1981	1,835,838
Accumulated Depreciation at 9/30/96	<u>(1,728,865)</u>
Deemed Depreciated Value	3,012,909
Market Rate of Return	<u>.070</u>
Total Annual Return	210,904
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	210,904
Depreciation Expense	169,512
Amortization Expense	393
Capital Related Income Offsets	(30,621)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	350,188
Total Patient Days (Actual Days)	<u>31,947</u>
Cost of Capital Per Diem	\$ <u><u>10.96</u></u>

**GREENVILLE HOSPITAL SYSTEM D/B/A ROGER HUNTINGTON NURSING CENTER**

Cost of Capital Reimbursement Analysis  
For the Cost Report Period Ended September 30, 1996  
AC# 3-ROG-J6

6/30/89 Cost of Capital and Return on Equity	
Capital Per Diem Reimbursement	\$ 3.76
Adjustment for Maximum Increase	<u>3.99</u>
Maximum Cost of Capital Per Diem	\$ <u>7.75</u>
Reimbursable Cost of Capital Per Diem	\$ 7.75
Cost of Capital Per Diem	<u>10.96</u>
Cost of Capital Per Diem Limitation	\$ <u>(3.21)</u>

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